

- Provide that all Beach Plan filings for changes to the Plan of Operation shall be subject to appeal to superior court.  
(For all of the above, see legislation attached as Appendix B.)

**Recommendation II.** The Committee recommends the following to improve the financial status of the Plan and reduce exposure to loss for properties insured by the Plan:

- Place assessments against insurers into two categories: (1) recoupable assessments which may be recouped from policyholders through a statewide surcharge; and (2) nonrecoupable assessments which may not be recouped.
- Place a cap on nonrecoupable assessments levied against insurers. For recoupable assessments, impose a statewide surcharge on policyholders in the event of a catastrophic loss to reimburse insurers for these assessments and place a cap on the amount of these surcharges.

**(The Committee was unable to reach a consensus on the amount of the caps on both nonrecoupable assessments and on the statewide surcharge on policyholders to reimburse insurers for recoupable assessments as recommended above. The amount of both caps was omitted from the attached legislation in Appendix B. The Committee recommends that the 2009 General Assembly consider the amount of these caps as it considers the recommended legislation attached as Appendix B.)**

- Eliminate the return of surplus to insurers and require the surplus to be used by the Plan only to pay for losses, expenses and the purchase of reinsurance.
- Reduce maximum habitational policy coverage limits under the Plan from \$1.5 million to \$750,000, including coverage for separate policies of windstorm and hail.
- Require the Plan to reach and maintain the ability to pay losses and expenses at probable maximum loss levels of a 1:100 year storm on and after May 1, 2010 and a 1:150 year storm by mandated dates on and after May 1, 2022.

**(For all of the above, see legislation attached as Appendix B.)**

**Recommendation III.** To alleviate the impact of rate increases on residents of the State and to insure that rates accurately reflect the risks associated with individual properties, the Committee recommends the following:

- Require the Association to file a schedule of credits for policyholders based on the presence of mitigation and construction features in properties that it insures.  
**(See legislation attached as Appendix B.)**
- Create a legislative study committee to study building code changes, premium credits, tax credits and state funding priorities and other ways to encourage property owners, including low and middle income homeowners, to make property improvements to mitigate property loss and damages resulting from hurricanes. The Committee recommends that membership on the Committee include representatives from the Department of Insurance, the NCIUA, the N.C. Rate Bureau and private insurers. The Study Committee should make an interim report to the 2010 Session of the 2009 General Assembly.